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Cook, George E.

How von Tirpitz would
submarine the publishing...

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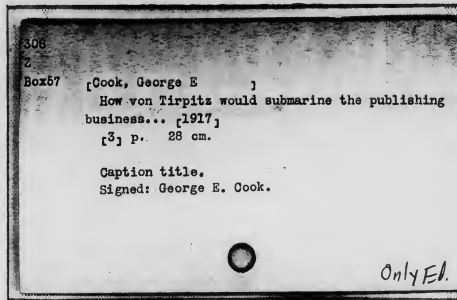
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How Von Tirpitz Would Submarine the Publishing Business

Congress has proposed a measure which, if it becomes a law, will cripple the entire publishing business and within a year totally destroy 85 per cent of all periodical publications.

Because most people cannot believe that such a condition can be possible, they do not take the matter seriously.

If Von Tirpitz himself had planned this measure, its effectiveness to win this war for the enemy could be no greater, for with most of our periodical publications submarined there will be no way to tie this great Nation together.

Do you realize that Congress has already proposed to the Senate a so-called war tax of 320 per cent on the publishing business, when 90 per cent of that business does not pay a profit of 5 per cent and most of it is barely able to exist by reason of the pernicious paper trust, which has been permitted to operate in violation of the law?

Do you realize that this same Congress has proposed an excise tax of 10 per cent on paper which now costs from two to three times what it cost 18 months ago?

Do you know that this same publishing business must pay 50 per cent increase for First Class postage and double for postal cards?

Do you know that its one and only outside source of revenue, the advertising, it is also proposed to tax, and if by any chance anything is left to the most fortunate among the publishers it is proposed to take 16 per cent of that?

In 1885 the United States Government found the need so grave that the Second Class postage rate was reduced from 2c to 1c per pound and every effort was made to encourage broad-minded men to invest their money to establish newspapers, magazines and agricultural and scientific papers of National circulation, so that wherever a man lived in this country he might not be left in ignorance of what he ought to know.

The many great and worthy educational and character-building periodicals, the agricultural papers and the newspapers of wide circulation that have been developed during the past 30 years were possible only by reason of this inducement held out by the Government in guaranteeing such publications a rate of one cent a pound postage. So the whole financial scheme of the publishing business is founded upon this rate, and many millions of dollars have been invested and many noble lives devoted to the cause of education and National harmony and unity, because men who had the welfare of the country at heart saw in this a way to bring to our vast population the proper kind of literature.

It was the one and only way to bring the Nation together, the one way possible to colonize this country and at the same time to eliminate sectionalism. In the literature so spread from coast to coast is the very foundation of the American home, of community interest, of civic enterprise, of patriotism and of religion.

The marvelous growth of this country, the melting pot of the world, its tremendous wealth, its harmony, its confidence and its civilization is due in large part to the development of its great publishing industry.

In the beginning, 30 years ago, publications were small and unattractive, although the publishers gave as much as they could for the money. Some of them were successful, but many more failed, wrecking the fortunes of their owners.

As the business world came to realize this opportunity for the development of various enterprises, advertising came to the periodicals with increasing revenue which made it possible, while competition made it essential, for every publisher to improve his publication, until to-day most publications cost for manufacture more than their selling price to the public.

Magazines are often criticised because they carry advertising, but you must recognize the fact that none of these great industries, which mean so much to our health and comfort and to the advancement of civilization, could exist without National advertising and it is possible to give the public a \$10.00 magazine for \$1.50 only because the advertiser needs this medium through which to make known his wares to the people everywhere.

In the past few years the publisher has been forced to meet a tremendous increase in cost of everything that enters into the production of his periodicals, with the result that most publishers to-day are barely able to survive.

"Why then do they not get out of the business?" you may ask. Simply because the publisher's greatest asset is the good will and confidence of his constituency, which is a commodity that cannot be readily negotiated or transferred.

His invested capital is enormous in proportion to the value of his physical property. He cannot sell out, consequently he is obliged to hold on, a most pitiable condition due entirely to his faith in his constituency and in his Government.

And now his Government, to whom he has pledged his unequalled and unqualified support and even his entire earnings, instead of helping him in his dire extremity, proposes to do that which will annihilate him.

Many people have the idea that the publishing business is extremely profitable. Let us consider the most profitable publishing concern in the world, The Curtis Publishing Co. The proposed increase in Second Class postage, plus the known increase in cost of paper stock alone, without counting hundreds of thousands of dollars increase in supplies and labor, will cost the Curtis Company \$50,000.00 more this year than their entire profits last year.

Take the David C. Cook Publishing Co., considered a prosperous concern. Their sworn statement, presented to the Senate Finance Committee indicates the following:

Circulation of The Mother's Magazine.....	600,000
Total circulation of 36 religious publications published by them.....	4,000,000
Second Class postage paid during 1916.....	\$ 85,000.00
Estimated increase in Second Class Postage, if proposed House Bill is passed by the Senate.....	\$229,000.00
Increase in First Class Postage and Postals.....	50,000.00
Estimated cost of labor for Zoning, in accordance with proposed Bill.....	2,000.00
Increase in cost of paper, over 1916, at present rates.....	142,000.00
Total increase, paper and postage.....	\$423,000.00

The entire profits of The David C. Cook Publishing Company for 1916, amounted to \$42,800.00.

Would you advise The Cook Company to continue business at a loss of \$380,200.00 per year?

Now the condition of the David C. Cook Publishing Co. is typical of hundreds of others.

The enclosed brief, prepared by Mr. C. D. Lanier, publisher of Review of Reviews, is a clear statement of absolute fact and shows conclusively that I have not overdrawn my conclusions that 85 per cent of all publications of National circulation must suspend business at a tremendous loss, which will leave their owners practically penniless after years of heart-breaking toil.

The situation of The David C. Cook Publishing Co. is peculiarly difficult and the provisions of the proposed Bill discriminatingly unfair because, while it has been stated in Congress and widely advertised that religious publications are exempt from this excessive taxation, this is not correct. Only a few religious publications are exempted, about 50 in all, as against about 300 to 400 that are privately owned. The Cook publications, being interdenominational, cannot be connected with any one denomination, and therefore do not come under the exemption clause.

And in fact no religious, labor, fraternal, agricultural or scientific publication is fully exempted, for all must pay an additional tax of one-half cent per pound for Second Class postage.

The proposed Bill is advertised to exempt labor, fraternal, scientific and agricultural publications, but its wording is such that in actual fact only a very few of each of these four classes would come under its very exclusive provisions. Just why only 50 to 60 publications are exempted out of nearly a thousand that come under the general description of religious, fraternal, labor, scientific and agricultural, I do not know.

Now it has been suggested that the publisher may pass this Second Class postage tax on to the subscriber.

As stated above, the publisher's greatest asset is the good will of his constituency. He has contracts with thousands, in some cases with millions, of individuals to deliver his publication for three months to five years for a price that has already been paid. If he refuses to deliver at this price what becomes of his "good will"?

If he spends 5c apiece for paper and postage to appeal to their generosity or sense of justice or whatever you please, and asks them to remit 12c or 72c more to pay for postage each year, how much do you suppose he will get back? Not enough to pay for the call. But the publisher is given no warning, no period for adjustment. The proposed Bill is to go into effect immediately it is passed.

One might think this Bill was devised for the sole purpose of annihilating the entire publishing industry.

But I do not believe that Congress had any such purpose in mind. We are told that they must raise money—that this plan is supposed to be a revenue producer.

Suppose the successful publisher pockets his immediate losses and tries to pass along this tax to the subscribers: his circulation will immediately fall off, he will shortly be paying less Second Class and less First Class postage than before.

And the struggling publisher, struggling along with millions of circulation on which he has made little or no profit, will soon pay no postage whatever. Eighty-five per cent of the publishers could not live beyond the first year. Yet for those publishers who have saved up enough with which to pay this postage tax the Government must pay the large expense of maintaining the Second Class Division with much less revenue than it has had in the past.

It is estimated that 75 per cent of the First Class postal matter on which the Government makes a large profit, is to and from or created by the periodicals of the country. What will become of this revenue when 85 per cent of the periodicals are extinct?

It has been stated repeatedly that it costs 9 cents per pound to handle Second Class postage, and that the Post Office sustains a loss of Ninety Million Dollars per year in the Second Class Division.

Canada carries Second Class postage at one-half cent per pound and the average haul is longer and the volume much smaller than in the United States. Part of Canada's Second Class mail is carried at $\frac{1}{4}$ cent a pound as against 1 cent in the United States. What is the answer?

In view of these facts and conclusions, the question naturally arises: "Why does Congress propose such a tax; are our Congressmen not aware of these things?"

I have received letters recently from College Presidents and political economists and educators in general, who have shown clearly that they do not know the existing conditions.

If the greatest educators in the land do not know these things, how can you expect congressmen, overwhelmed with a most stupendous task in a National crisis, to realize what you do not know, who have time to study, whose business it is to study?

We publishers who do know are doing our best to avert a serious calamity, and we make bold to ask your assistance because you are quick to understand, because you are devoting your lives, as are we, to the improvement of mankind, to the welfare of humanity. We want your help. Congress and the Senate need your help. We ask, in the name of American manhood, at this time of extreme need, that you bring your influence to bear upon your Congressmen and Senators immediately, to prevent a National catastrophe.

Be patriotic enough to telegraph immediately to your own Congressmen and Senators, asking them to vote against any increase in Second Class postage rates for the good of the country, at a time when every harmonizing and educational influence is essential.

Do this immediately, for the time is exceeding short.

(Signed)

GEORGE E. COOK,

Vice President The David C. Cook Publishing Co.,

Elgin, Ill.

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